

# ORIGINAL

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE CLERK

Mailing Online Service, 1998 )

Docket No. MC98-1

REVISED ANSWERS OF  
OFFICE OF THE CONSUMER ADVOCATE  
WITNESS CALLOW  
(March 3, 1999)

The Office of the Consumer Advocate hereby gives notice of the filing of revised answers to interrogatories PB/OCA-T100-9 and USPS/OCA-T100-3, initially filed on March 1, 1999.

The revisions to Attachment 1 to the answer to PB/OCA-T100-9 change the additional ounce rate for letters and flats weighing 2 ounce or less from "33.0" cents to "55.0" cents, and the additional ounce rate for flats weighing 3 ounces or less and 3.2985 ounces or less from "33.0" cents to "77.0" cents and "99.0" cents, respectively.

The revisions to Attachment 2 to the answer to PB/OCA-T100-9 change the rates for "3/5B" and "BB" in the last three columns of the attachment. Also, the rate shown in the heading of the attachment for "Basic Flat" is changed from "24.5" to "10.5," and for "3/5-Digit Flat" is changed from "20.3" to 6.3." The heading, "Weight per Page (oz.)," is changed to "Weight per Piece (oz.)."

The revisions to USPS/OCA-T100-3 change the rates in the second paragraph of Example 3 from "41.4" to "27.4." The revisions also change the rates in the first

paragraph of Example 4 from "37.2" to "23.2," and the rates in the second paragraph from "41.3," "37.2" and "41.4" to "27.3", "23.2" and "27.4," respectively.

The revised answers are attached.

Respectfully submitted,

A handwritten signature in black ink, reading "Emmett Rand Costich". The signature is written in a cursive, flowing style.

EMMETT RAND COSTICH

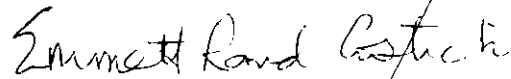
Attorney

Office of the Consumer Advocate

paragraph of Example 4 from "37.2" to "23.2," and the rates in the second paragraph from "41.3," "37.2" and "41.4" to "27.3", "23.2" and

The revised answers are attached.

Respectfully submitted,

A handwritten signature in cursive script that reads "Emmett Rand Costich".

EMMETT RAND COSTICH  
Attorney  
Office of the Consumer Advocate

**ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES PB/OCA-T100-1-10**

Revised 3-3-99

**Attachment 1 to PB/OCA-T100-9** **Page 1 of 1**  
**STANDARD (A) MAIL RATES FOR MAILING ONLINE JOB-TYPE/PAGE-COUNT "LOOK-  
UP" TABLES<sup>1/</sup>**

**Minimum Piece Rate (for pieces weighing 3.2985 ounces or less)**

<b>Job-Type/Page Count</b>			<b>Ounces</b>	<b>Automation</b>	
<b>A-AD/1-14</b>	<b>AE-BH/1-11</b>	<b>BI-BJ/1-7</b>		<b>Presort Level</b>	<b>Rates (cents)</b>
<b>Letter-Size (8.5x11)</b>	<b>Legal-Size (8.5x14)</b>	<b>Newsletter-Size (11x17)</b>			
<b>Letters (Pages)</b>	<b>Letters (Pages)</b>	<b>Letters (Pages)</b>	<b>&lt;=</b>	<b>Letters</b>	
<b>1-4</b>	<b>1-3</b>	<b>1-2</b>	<b>1</b>	5B 3B BB SP	16.0 17.6 18.3 33.0
<b>5</b>	<b>4</b>		<b>2</b>	5B 3B BB SP	16.0 17.6 18.3 55.0
<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flats (Pages)</b>		<b>Flats</b>	
<b>6-8</b>	<b>5-6</b>	<b>3-4</b>	<b>2</b>	3/5B BB SP	20.3 24.5 55.0
<b>9-13</b>	<b>7-10</b>	<b>5-6</b>	<b>3</b>	3/5B BB SP	20.3 24.5 77.0
<b>14</b>	<b>11</b>	<b>7</b>	<b>3.2985</b>	3/5B BB SP	20.3 24.5 99.0

**Notes:**

<sup>1/</sup> This attachment is not a "look-up" table. It only contains the rates appearing in the "look-up" tables. These rates, when combined with presort-level volume data collected quarterly by job-type/page count, are used to derive the experience-based weighted average rates in each "look-up" table.

**ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES PB/OCA-T100-1-10**

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Attachment 2 to PB/OCA-T00-9

Page 1 of 8

**STANDARD (A) MAIL RATES FOR MAILING ONLINE JOB-TYPE/PAGE-COUNT "LOOK-UP" TABLES<sup>1/</sup>  
Rates for Pound Rated Pieces (for pieces weighing more than 3.2985 ounces)**

Job-Type/Page Count			Weight per Piece (oz.)			Automation Flats			
A-AD/15-48	AE-BH/12-48	BI-BJ/8-48	Letter-Size	Legal-Size	Newsletter-Size	Basic Flat:	10.5	3/5-Digit Flat:	6.3
Letter-Size (8.5x11)	Legal-Size (8.5x14)	Newsletter-Size (11x17)	0.2	0.254	0.4	Presort Level	Rates (cents)	Rates (cents)	Rates (cents)
Flats (Pages)	Flats (Pages)	Flats (Pages)	Flat Envelope (9x12)		0.4		Ltr size 2/	Lgl. Size 3/	Nsltr. Size 4/
15	12	8	3.4	3.448	3.6	3/5B	20.7	20.9	21.5
						BB	24.9	25.1	25.7
						SP	99.0	99.0	99.0
16	13	9	3.6	3.702	4	3/5B	21.5	22.0	23.2
						BB	25.7	26.2	27.4
						SP	99.0	99.0	99.0
17	14	10	3.8	3.956	4.4	3/5B	22.4	23.0	24.9
						BB	26.6	27.2	29.1
						SP	99.0	99.0	121.0
18	15	11	4	4.21	4.8	3/5B	23.2	24.1	26.6
						BB	27.4	28.3	30.8
						SP	99.0	121.0	121.0
19	16	12	4.2	4.464	5.2	3/5B	24.1	25.2	28.3
						BB	28.3	29.4	32.5
						SP	121.0	121.0	143.0

ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES PB/OCA-T100-1-10

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Attachment 2 to PB/OCA-T00-9

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Job-Type/Page Count			Weight per Piece (oz.)			Automation Flats			
A-AD/15-48	AE-BH/12-48	BI-BJ/8-48	Letter-Size	Legal-Size	Newsletter-Size	Basic Flat:	10.5	3/5-Digit Flat:	6.3
Letter-Size (8.5x11)	Legal-Size (8.5x14)	Newsletter-Size (11x17)	0.2	0.254	0.4	Presort Level	Rates (cents)	Rates (cents)	Rates (cents)
Flats (Pages)	Flats (Pages)	Flats (Pages)	Flat Envelope (9x12)		0.4		Ltr size 2/	Lgl. Size 3/	Nsltr. Size 4/
20	17	13	4.4	4.718	5.6	3/5B	24.9	26.3	30.0
						BB	29.1	30.5	34.2
						SP	121.0	121.0	143.0
21	18	14	4.6	4.972	6	3/5B	25.8	27.3	31.7
						BB	30.0	31.5	35.9
						SP	121.0	121.0	143.0
22	19	15	4.8	5.226	6.4	3/5B	26.6	28.4	33.4
						BB	30.8	32.6	37.6
						SP	121.0	143.0	165.0
23	20	16	5	5.48	6.8	3/5B	27.5	29.5	35.1
						BB	31.7	33.7	39.3
						SP	121.0	143.0	165.0
24	21	17	5.2	5.734	7.2	3/5B	28.3	30.6	36.8
						BB	32.5	34.8	41.0
						SP	143.0	143.0	187.0
25	22	18	5.4	5.988	7.6	3/5B	29.1	31.6	38.5
						BB	33.3	35.8	42.7
						SP	143.0	143.0	187.0

ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES PB/OCA-T100-1-10

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Job-Type/Page Count			Weight per Piece (oz.)			Automation Flats			
A-AD/15-48	AE-BH/12-48	BI-BJ/8-48	Letter-Size	Legal-Size	Newsletter-Size	Basic Flat:	10.5	3/5-Digit Flat:	6.3
Letter-Size (8.5x11)	Legal-Size (8.5x14)	Newsletter-Size (11x17)	0.2	0.254	0.4	Presort Level	Rates (cents)	Rates (cents)	Rates (cents)
Flats (Pages)	Flats (Pages)	Flats (Pages)	Flat Envelope (9x12)		0.4		Ltr size 2/	Lgl. Size 3/	Nsltr. Size 4/
26	23	19	5.6	6.242	8	3/5B BB SP	30.0 34.2 143.0	32.7 36.9 165.0	40.2 44.4 187.0
27	24	20	5.8	6.496	8.4	3/5B BB SP	30.8 35.0 143.0	33.8 38.0 165.0	41.8 46.0 209.0
28	25	21	6	6.75	8.8	3/5B BB SP	31.7 35.9 143.0	34.9 39.1 165.0	43.5 47.7 209.0
29	26	22	6.2	7.004	9.2	3/5B BB SP	32.5 36.7 165.0	35.9 40.1 187.0	45.2 49.4 231.0
30	27	23	6.4	7.258	9.6	3/5B BB SP	33.4 37.6 165.0	37.0 41.2 187.0	46.9 51.1 231.0
31	28	24	6.6	7.512	10	3/5B BB SP	34.2 38.4 165.0	38.1 42.3 187.0	48.6 52.8 231.0

**ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES PB/OCA-T100-1-10**

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**Attachment 2 to PB/OCA-T00-9**

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<b>Job-Type/Page Count</b>			<b>Weight per Piece (oz.)</b>			<b>Automation Flats</b>			
<b>A-AD/15-48</b>	<b>AE-BH/12-48</b>	<b>BI-BJ/8-48</b>	<b>Letter-Size</b>	<b>Legal-Size</b>	<b>Newsletter-Size</b>	<b>Basic Flat:</b>	<b>10.5</b>	<b>3/5-Digit Flat:</b>	<b>6.3</b>
<b>Letter-Size (8.5x11)</b>	<b>Legal-Size (8.5x14)</b>	<b>Newsletter-Size (11x17)</b>	<b>0.2</b>	<b>0.254</b>	<b>0.4</b>	<b>Presort Level</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>
<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flat Envelope (9x12)</b>		<b>0.4</b>		<b>Ltr size 2/</b>	<b>Lgl. Size 3/</b>	<b>Nsltr. Size 4/</b>
32	29	25	6.8	7.766	10.4	3/5B BB SP	35.1 39.3 165.0	39.2 43.4 187.0	50.3 54.5 253.0
33	30	26	7	8.02	10.8	3/5B BB SP	35.9 40.1 165.0	40.2 44.4 209.0	52.0 56.2 253.0
34	31	27	7.2	8.274	11.2	3/5B BB SP	36.8 41.0 187.0	41.3 45.5 209.0	53.7 57.9 275.0
35	32	28	7.4	8.528	11.6	3/5B BB SP	37.6 41.8 187.0	42.4 46.6 209.0	55.4 59.6 275.0
36	33	29	7.6	8.782	12	3/5B BB SP	38.5 42.7 187.0	43.5 47.7 209.0	57.1 61.3 275.0
37	34	30	7.8	9.036	12.4	3/5B BB SP	39.3 43.5 187.0	44.5 48.7 231.0	58.8 63.0 297.0



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<b>Job-Type/Page Count</b>			<b>Weight per Piece (oz.)</b>			<b>Automation Flats</b>			
<b>A-AD/15-48</b>	<b>AE-BH/12-48</b>	<b>BI-BJ/8-48</b>	<b>Letter-Size</b>	<b>Legal-Size</b>	<b>Newsletter-Size</b>	<b>Basic Flat:</b>	<b>10.5</b>	<b>3/5-Digit Flat:</b>	<b>6.3</b>
<b>Letter-Size (8.5x11)</b>	<b>Legal-Size (8.5x14)</b>	<b>Newsletter-Size (11x17)</b>	<b>0.2</b>	<b>0.254</b>	<b>0.4</b>	<b>Presort Level</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>
<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flat Envelope (9x12)</b>		<b>0.4</b>		<b>Ltr size 2/</b>	<b>Lgl. Size 3/</b>	<b>Nsltr. Size 4/</b>
38	35	31	8	9.29	12.8	3/5B BB SP	40.2 44.4 187.0	45.6 49.8 231.0	60.5 64.7 297.0
39	36	32	8.2	9.544	13.2	3/5B BB SP*	41.0 45.2 209.0	46.7 50.9 231.0	62.2 66.4 320.0
40	37	33	8.4	9.798	13.6	3/5B BB SP*	41.8 46.0 209.0	47.8 52.0 231.0	63.8 68.0 320.0
41	38	34	8.6	10.052	14	3/5B BB SP*	42.7 46.9 209.0	48.8 53.0 253.0	65.5 69.7 320.0
42	39	35	8.8	10.306	14.4	3/5B BB SP*	43.5 47.7 209.0	49.9 54.1 253.0	67.2 71.4 320.0
43	40	36	9	10.56	14.8	3/5B BB SP*	44.4 48.6 209.0	51.0 55.2 253.0	68.9 73.1 320.0

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TO INTERROGATORIES PB/OCA-T100-1-10**

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Job-Type/Page Count			Weight per Piece (oz.)			Automation Flats			
A-AD/15-48	AE-BH/12-48	BI-BJ/8-48	Letter-Size	Legal-Size	Newsletter-Size	Basic Flat:	10.5	3/5-Digit Flat:	6.3
Letter-Size (8.5x11)	Legal-Size (8.5x14)	Newsletter-Size (11x17)	0.2	0.254	0.4	Presort Level	Rates (cents)	Rates (cents)	Rates (cents)
Flats (Pages)	Flats (Pages)	Flats (Pages)	Flat Envelope (9x12)		0.4		Ltr size 2/	Lgl. Size 3/	Nsltr. Size 4/
44	41	37	9.2	10.814	15.2	3/5B BB SP*	45.2 49.4 209.0	52.1 56.3 253.0	70.6 74.8 320.0
45	42	38	9.4	11.068	15.6	3/5B BB SP*	46.1 50.3 209.0	53.1 57.3 275.0	72.3 76.5 320.0
46	43	39	9.6	11.322	16	3/5B BB SP	46.9 51.1 209.0	54.2 58.4 275.0	Standard (B) Rates
47	44	40	9.8	11.576	16.4	3/5B BB SP	47.8 52.0 209.0	55.3 59.5 275.0	Standard (B) Rates
48	45	41	10	11.83	16.8	3/5B BB SP	48.6 52.8 231.0	56.4 60.6 275.0	Standard (B) Rates
	46	42	--	12.084	17.2	3/5B BB SP	-- -- --	57.4 61.6 297.0	Standard (B) Rates

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TO INTERROGATORIES PB/OCA-T100-1-10**

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**Attachment 2 to PB/OCA-T00-9**

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<b>Job-Type/Page Count</b>			<b>Weight per Piece (oz.)</b>			<b>Automation Flats</b>			
<b>A-AD/15-48</b>	<b>AE-BH/12-48</b>	<b>BI-BJ/8-48</b>	<b>Letter-Size</b>	<b>Legal-Size</b>	<b>Newsletter-Size</b>	<b>Basic Flat:</b>	<b>10.5</b>	<b>3/5-Digit Flat:</b>	<b>6.3</b>
<b>Letter-Size (8.5x11)</b>	<b>Legal-Size (8.5x14)</b>	<b>Newsletter-Size (11x17)</b>	<b>0.2</b>	<b>0.254</b>	<b>0.4</b>	<b>Presort Level</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>	<b>Rates (cents)</b>
<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flats (Pages)</b>	<b>Flat Envelope (9x12)</b>		<b>0.4</b>		<b>Ltr size 2/</b>	<b>Lgl. Size 3/</b>	<b>Nsltr. Size 4/</b>
	47	43	--	12.338	17.6	3/5B BB SP	-- -- --	58.5 62.7 297.0	Standard (B) Rates
	48	44	--	12.592	18	3/5B BB SP	-- -- --	59.6 63.8 297.0	Standard (B) Rates
		45	--	--	18.4	Standard (B) Mail	-- -- --	-- -- --	Standard (B) Rates
		46	--	--	18.8	Standard (B) Mail	-- -- --	-- -- --	Standard (B) Rates
		47	--	--	19.2	Standard (B) Mail	-- -- --	-- -- --	Standard (B) Rates
		48	--	--	19.6	Standard (B) Mail	-- -- --	-- -- --	Standard (B) Rates

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\* Under 1 lb. Priority Mail rates for mailpieces weighing more than 13 ounces but less than 16 ounces.

Notes:      1/ This attachment is not a "look-up" table. It only contains the rates appearing in the "look-up" tables. These rates, when combined with presort-level volume data collected quarterly by job-type/page count, are used to derive the experience-based weighted average rates in each "look-up" table.  
2/ Calculation: piece rate + ((Letter-size ounces/16 ounces) \* 67.7 cents)  
3/ Calculation: piece rate + ((Legal-size ounces/16 ounces) \* 67.7 cents)  
4/ Calculation: piece rate + ((newsletter-size ounces/16 ounces) \* 67.7 cents)

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TO INTERROGATORIES USPS/OCA-T100-1-8

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mailpieces is 18 pages and weighs four ounces. Each mailpiece is a flat. Again, assume the mailpieces are submitted during the first quarter of the experiment.

The rate as "if entered as hardcopy" must first be determined. Since the 100 piece mailing falls below the minimum volume requirement for Standard A Mail, the First-Class four-ounce single-piece rate (99 cents) would apply. Then the blended discount rate must be calculated for comparison to determine the lowest rate offered to the customer. The pricing formula uses the proposed Standard A Automation Basic rate (27.4 cents) and the experience-based weighted average rate. However, there is no "experience" in the first quarter with which to derive a weighted average rate. Consequently, the blended discount rate would be 27.4 cents ( $x(0) + 27.4(1-0)$ ), the Standard A Automation Basic rate for a four ounce flat proposed by the Postal Service.

Example 4: Assume the same facts as Example 3, except that the 100 mailpieces are submitted to Mailing Online during the second quarter of the experiment. Also assume that, during the first quarter, Job-Type A/Page-Count 18 was a very common job type, and all (100 percent) of the mailpieces were presorted to the 3/5-Digit level. At the end of the first quarter, there would be an experience-based weighted average rate of 23.2 cents ( $1.00 \times 23.2$  cents) in the Job-Type A/Page-Count 18 "look-up" table.

The rate for the 100 mailpieces as "if entered as hardcopy" would again be the First-Class four-ounce single-piece rate (99 cents). The postage pricing formula would then calculate the blended discount rate to compare with the "hardcopy" rate. In the second quarter, the blended discount rate for the 100 mailpieces would be 27.3 cents

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TO INTERROGATORIES USPS/OCA-T100-1-8

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$(23.2(1/36) + 27.4(1-(1/36)))$ . This rate would be offered to the customer.

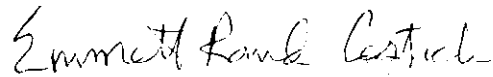
(a) The Postal Service has proposed service standards (i.e., cut-off times, print site processing times, etc.) for Mailing Online mailings. Those same service standards would be applicable to customer mailings under my proposal. I do not propose to change those service standards.

(b) My postage pricing formula uses experience-based weighted average rates to calculate a blended discount rate. Experience-based weighted average rates are derived from presort-level volume data collected during the experiment. Presort-level volume data is collected from mailings where the Postal Service has batched mailpieces. To the extent the Postal Service can batch mailpieces and presort those batches more deeply than necessary to qualify for the proposed Automation Basic discount rates, the experience-based weighted average rates used in the pricing formula will reflect the deeper discount rates achieved.

The other source of presort-level volume data is mailings which have qualified for rates as if entered in hard copy directly with the Postal Service. Volume data from these mailings will also be reflected in the derivation of the experience-based weighted average rates and, in turn, through the pricing formula.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

A handwritten signature in cursive script that reads "Emmett Rand Costich".

**EMMETT RAND COSTICH**  
Attorney

Washington, D.C. 20268-0001  
March 3, 1999